

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市场日报

- *China HY market rebounded this morning with short covering and long interest. CIFIHG gained 1.5pts and LOGPH rebounded 1-1.5pts after denying the rumours of auditor change. Other names like COGARD/SUNAC also up 1-1.5pts.*
- *TBLAIJ: Maintain Buy on TBLAIJ'23 despite a questionable rating downgrade. See below.*
- ***Chinese Properties: Impact of loan relaxation for affordable rental housing should be limited** given loans for affordable rental housing only accounts for 1% of total property loans and banks' weak risk appetite. See below*

❖ Trading desk comments 交易台市场观点

Yesterday, China HY property space sentiment remained weak. LOGPH continued to see street selling and down 5pts in the early session, but recovered slightly in the afternoon. TPHL/PWRLNG/ROADKG fell 3-5pts while CHINSC/CIFIHG down 2-3pts. COGARD/SUNAC saw light selling flows and closed 1-2pts down. CSCHCN/RONXIN short-end notes saw buying interests in the market and up 0.5-1pts. Industrial space was relatively quiet for the day.

IG market opened firmer with benchmark spread unchanged yesterday. In financial sector, Chinese AT1 names such as BOCOM/BCHINA continued to see selling in the market and down around 0.25pts. TMT names including XIAOMI/BIDU/BABA traded slightly wider yesterday. In addition, front end SOE names still saw demands and spreads tightened 1-2bps.

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➤ **Yesterday's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
RONXIN 10 1/2 03/01/22	72.7	4.1	LOGPH 5 1/4 10/19/25	62.4	-3.8
TPHL 5.3 04/20/22	74.2	3.6	PWRLNG 4.9 05/13/26	66.5	-3.8
CSCHCN 10 3/4 04/11/23	78.6	2.6	LOGPH 7 PERP	62.2	-3.8
CSCHCN 11.95 02/09/23	79.5	2.5	TPHL 6 3/4 07/08/25	42.2	-3.8
AGILE 6.7 03/07/22	90.8	2.0	TPHL 5 3/4 01/14/27	39.9	-3.7

➤ **Macro News Recap 宏观新闻回顾**

Macro – Major U.S. stock indexes rose on Tuesday, boosted by Apple and Microsoft, while a jump in Treasury yields lifted banking stocks. The S&P (0.8%), Nasdaq (1.3%), and Dow (1.1%) all advanced for the day. U.S. Treasury yield curve shifted upward yesterday. The yield on the benchmark 10Y Treasury note rose to 1.96%. The 1/5/30Y yields up to 0.91/1.81/2.25% respectively.

➤ **Desk analyst comments 分析员市场观点**➤ **TBLAIJ - Maintain Buy on TBLAIJ'23 despite a questionable rating downgrade**

Moody's downgraded TBLA's rating by 1 notch to B2 and put TBLA's rating outlook as negative. The rating action, in our view, is questionable and a surprise. Nonetheless, the par-pull of TBLAIJ'23 continues as the refinancing risk of TBLAIJ'23 was largely removed after the conclusion of syndicated loans of USD236mn late Jan'22. The bonds moved 1.5 pts higher over the past 2 months. Offered at 99.8 (YTM 7.2%), we maintain our Buy recommendation on TBLAIJ'23, and continue to see the bonds offer a good risk and reward profile and is a good short-dated, lower-beta and diversification play away from Chinese HYs.

Please click the link for the full report: <https://www.cmbi.com/article/6341.html?lang=en>

➤ **Chinese properties: Impact of loan relaxation for affordable rental housing should be limited**

On 8 Feb'22, PBOC and CBIRC jointly announced that the loans for affordable rental housing could be excluded from the property loan quota limit. To recall, on 4 Jan' 21, PBOC announced that all outstanding property loans as % of total could not exceed 30% (blended average) and set the limits for different types of banks.

As per our equity research, the relaxation should have a very limited impact of developers given the loans for affordable rental housing only account for 1% of total property loans. While the total loan quota to be freed is RMB400-500bn, the actual new loans to property sector could be much lower given the weak demand and risk appetite of the banks. That said, the relaxation could be positive for construction/property investments. MOHURD announced the plan to construct 6.5mn social housing unit during 2021-2025 and this may provide 4% and 6% support for 2022 new starts and property investments. Please read the [full report of our equity research](#).

➤ **Offshore Asia New Issues (Priced)**

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

➤ **Offshore Asia New Issues (Pipeline)**

Issuer	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ **Onshore China conditions and color**

- Regarding onshore primary issuances, there were 13 credit bonds issued yesterday with an amount of RMB16bn. As for Month-to-date, 27 credit bonds were issued with a total amount of RMB34bn raised, representing a 92.2% yoy decrease
- **[GRNCH]** completes redemption and delisting of USD 400mn senior perpetual securities callable 2022 and USD 100mn senior perpetual securities callable 2022 issued by Champion Sincerity Holding Limited
- **[LOGPH]** clarifies in an exchange filing that the media reports of Logan Group's plans to change its auditor are "sheer rumor"; the Company maintains good communications with its auditor, and both parties confirm that there has no discussion on the subject; the board of the Company confirms that the current productions and operations of the Company are normal
- **[SOFTBK]** SoftBank's planned sale of its UK-based chip company Arm Ltd to NVidia Corp collapsed due to concerns from UK, US and EU regulators. Therefore, SoftBank will seek an IPO of Arm before the end of this year receive a break-up fee of as much as USD 1.25bn.
- **[VEDLN]** the Board of Directors decides not to undertake any corporate restructure and will continue with its existing structure

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